

Ikeda Hoover Limited  
Annual report and accounts  
for the year ended 31 December 2000

Registered Number 1944236



# Ikeda Hoover Limited

## Annual report and accounts

for the year ended 31 December 2000

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# **Ikeda Hoover Limited**

## **Directors and advisors for the year ended 31 December 2000**

### **Directors**

T Miyazawa (Managing Director)

R Behiels

G B Fiori

S J Lang

S Miyata

D Morrison

N Takahashi

### **Secretary**

D Morrison

Cherry Blossom Way

Sunderland

Tyne & Wear

SR5 3TW

### **Auditors**

PricewaterhouseCoopers

89 Sandyford Road

Newcastle upon Tyne

NE99 1PL

### **Solicitors**

Dickinson Dees

St Ann's Wharf

112 Quayside

Newcastle upon Tyne

NE99 1SB

### **Bankers**

HSBC Bank plc

Washington Branch

17 Speculation Place

Washington

Tyne & Wear

NE37 2AN

# **Ikeda Hoover Limited**

## **Directors' report for the year ended 31 December 2000**

The directors present their report and the audited financial statements for the year ended 31 December 2000.

### **Principal activities**

The principal activity of the company and group is that of a vehicle seat and interior trim manufacturer together with related design facilities.

### **Review of business and future developments**

The consolidated profit and loss account for the year is set out on page 5.

### **Dividends and transfers to reserves**

The directors do not recommend the payment of a dividend in the year (1999: £4,000,000). The retained profit for the year of £242,038 (1999: loss of £2,448,069) will be transferred to reserves.

### **Research and development activities**

The company is involved in research and development activities on behalf of its customers.

### **Directors and their interests**

The directors who held office at the beginning and end of the year ended 31 December 2000, unless otherwise stated, are listed below:

T Miyazawa  
R Behiels  
G B Fiori  
S J Lang  
S Miyata (appointed 1 February 2000)  
D Morrison  
N Takahashi (appointed 1 February 2000)  
H Terasawa (resigned 19 July 2000)  
T Wakabayashi (resigned 1 February 2000)

No director held any interest in the shares of the company at any time during the year.

### **Employees**

In the group's employee recruitment practices, full consideration is given to job applications from disabled persons. Candidates are selected and appointed on the basis of their ability to perform the duties of the job. Encouragement is given in the training, career development and promotion of all employees according to the opportunities available, organisational requirements and individual aptitudes and abilities.

Any employee who becomes disabled is encouraged to remain in the group's employment, in the same job if this is practicable. If a change of job is necessary, such an employee is considered for any suitable alternative work which is available and any necessary training is arranged.

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

# **Ikeda Hoover Limited**

Information of matters of concern to employees and a common awareness on the part of all employees of the financial and economic factors affecting the company's performance is given through the system of All Members Meetings.

## **Charitable donations**

The company made charitable donations amounting to £14,945 in the year (1999: £11,556).

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.


The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Auditors**

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

## **By order of the Board**



D Morrison  
Secretary

18 May 2001

# **Ikeda Hoover Limited**

## **Auditors' report to the members of Ikeda Hoover Limited**

We have audited the financial statements on pages 5 to 25 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

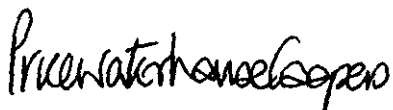
### **Basis of audit opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 December 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers  
Chartered Accountants and Registered Auditors  
Newcastle upon Tyne  
18 May 2001

# Ikeda Hoover Limited

## Consolidated profit and loss account for the year ended 31 December 2000

	Note	2000 £	1999 £
<b>Turnover</b>		<b>103,070,351</b>	91,004,271
Cost of sales		(96,185,850)	(83,132,333)
<b>Gross profit</b>		<b>6,884,501</b>	7,871,938
Other operating expenses	1	(6,289,954)	(6,075,924)
<b>Operating profit</b>		<b>594,547</b>	1,796,014
Interest receivable and similar income		187,150	142,463
Interest payable and similar charges	5	(103,792)	(15,840)
<b>Profit on ordinary activities before taxation</b>	6	<b>677,905</b>	1,922,637
Taxation	7	(435,867)	(370,706)
<b>Profit on ordinary activities after taxation</b>		<b>242,038</b>	1,551,931
Dividends on equity shares	20	-	(4,000,000)
<b>Retained profit/(loss) for the financial year</b>	21	<b>242,038</b>	(2,448,069)

All activities of the company are continuing.

The group and company has no recognised gains and losses other than the profit/(loss) above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above, and their historical cost equivalent.

As permitted by section 230 of the Companies Act 1985 the parent company has not included its own profit and loss account in these financial statements. The profit dealt with in the books of the parent company for the year was £226,470 (1999: loss £2,370,291).

# Ikeda Hoover Limited

## Balance sheets as at 31 December 2000

	Note	2000 Group £	2000 Company £	1999 Group £	1999 Company £
<b>Fixed assets</b>					
Intangible assets	8	-	-	-	-
Tangible assets	9,10	10,685,335	9,831,550	12,621,623	11,694,040
Investments	11	-	1,110,000	267,750	1,377,750
		10,685,335	10,941,550	12,889,373	13,071,790
<b>Current assets</b>					
Stock	12	1,386,606	1,386,606	1,277,336	1,245,429
Debtors	13	7,976,995	7,729,543	8,684,092	8,242,316
Cash at bank and in hand		4,137,722	3,979,865	1,569,541	803,079
		13,501,323	13,096,014	11,530,969	10,290,824
<b>Creditors: amounts falling due within one year</b>	14	(15,455,453)	(16,042,513)	(15,734,177)	(15,515,971)
<b>Net current liabilities</b>		(1,954,130)	(2,946,499)	(4,203,208)	(5,225,147)
<b>Total assets less current liabilities</b>		8,731,205	7,995,051	8,686,165	7,846,643
<b>Creditors: amounts falling due after more than one year</b>	15	(729,510)	-	(846,726)	-
<b>Provisions for liabilities and charges</b>	16	(484,188)	(484,188)	(545,146)	(545,146)
<b>Accruals and deferred income</b>	17	(249,044)	(180,190)	(267,868)	(197,294)
<b>Net assets</b>		7,268,463	7,330,673	7,026,425	7,104,203
<b>Capital and reserves</b>					
Called up equity share capital	19	2,075,000	2,075,000	2,075,000	2,075,000
Profit and loss account	21	5,193,463	5,255,673	4,951,425	5,029,203
<b>Total equity shareholders' funds</b>	22	7,268,463	7,330,673	7,026,425	7,104,203

The financial statements on pages 5 to 25 were approved by the board of directors on 18 May 2001 and were signed on its behalf by:



D Morrison  
Director

# Ikeda Hoover Limited

## Consolidated cash flow statement for the year ended 31 December 2000

	Note	2000 £	1999 £
Net cash inflow from continuing operating activities	24	6,149,829	4,547,283
<b>Returns on investment and servicing of finance</b>			
Interest received		187,150	142,463
Interest paid		(103,792)	(15,840)
Net cash inflow from returns on investment and servicing of finance		83,358	126,623
<b>Taxation</b>			
UK corporation tax paid		(565,817)	(1,463,906)
<b>Capital expenditure</b>			
Purchase of tangible fixed assets		(1,112,473)	(2,722,627)
Sale of tangible fixed assets		13,284	18,850
Net cash outflow from capital expenditure		(1,099,189)	(2,703,777)
<b>Acquisitions and disposals</b>			
Acquisitions of subsidiary undertaking		-	(1,110,000)
Cash balance of subsidiary acquired		-	766,462
Net cash outflow from acquisition		-	(343,538)
Equity dividends paid		(2,000,000)	(3,000,000)
Net cash inflow/(outflow) before financing and increase/(decrease) in cash in the year	25	2,568,181	(2,837,315)

# **Ikeda Hoover Limited**

## **Accounting policies**

### **Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

### **Basis of accounting**

The financial statements have been prepared in accordance with the historical cost convention.

### **Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2000.

Subsidiaries have been consolidated using the acquisition method of accounting.

Goodwill arising on consolidation represents the excess of the consideration given over the fair value of the identifiable net assets acquired.

### **Tangible fixed assets**

All tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Long leasehold land and buildings	10-40 years
Freehold buildings	10-40 years
Plant and machinery	3-15 years
Motor vehicles	3 years
Fixtures and fittings, office equipment and computers	3-5 years

Freehold land and assets in the course of construction are not depreciated.

During the year the useful economic lives of the asset categories above have been changed in order to make the depreciation policy consistent with that of the new ultimate parent company, Johnson Controls Inc. This has increased the depreciation charge for the year by £684,000, which is included in cost of sales within the profit and loss account.

### **Fixed asset investments**

Fixed asset investments are stated at cost less any amounts written off in respect of impairment.

# **Ikeda Hoover Limited**

## **Finance and operating leases**

Where fixed assets are financed by leasing agreements which transfer to the group substantially all the benefits and risks of ownership the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets. Costs in respect of operating leases are charged to the profit and loss account on a straight line basis over the lease term.

## **Government grants**

Revenue grants are credited to the profit and loss account when received. Capital grants are credited to deferred income and released to the profit and loss account over the estimated useful lives of the qualifying assets.

## **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

## **Long term contract work in progress**

Long term contract work in progress consists of development work for third parties and is stated at cost less provision for foreseeable losses. Cost comprises direct production costs and attributable overheads. Attributable profit is recognised on contracts when the outcome can be foreseen with reasonable certainty, based on an estimated total contract revenue compared with the amount reimbursable in respect of the accounting period.

## **Tooling**

Tooling transactions are an integral part of the company's principal activity and involve the purchase and immediate sale of production tools.

## **Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account.

## **Research and development**

Expenditure on research and development of new products is charged to the profit and loss account in the year in which it is incurred.

## **Turnover**

Turnover represents the amounts derived from the provision of goods and services to United Kingdom customers after deduction of trade discounts and value added tax.

## **Ikeda Hoover Limited**

### **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

### **Pension costs**

The company funds pension liabilities on the advice of external actuaries by payments made to an externally managed defined benefit pension fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The fund is valued every three years by a professionally qualified independent actuary.

# **Ikeda Hoover Limited**

## **Notes to the financial statements for the year ended 31 December 2000**

### **1 Other operating expenses**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Distribution costs	<b>258,483</b>	248,210
Administrative expenses	<b>6,078,170</b>	5,874,278
	<b>6,336,653</b>	6,122,488
Less: other operating income	<b>(46,699)</b>	(46,564)
	<b>6,289,954</b>	6,075,924

### **2 Directors' emoluments**

<b>The remuneration paid to the directors of Ikeda Hoover Limited was:</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>171,179</b>	208,946
Fees paid to third parties for directors' services	<b>50,000</b>	41,195

Retirement benefits are accruing to one (1999: one) director under a defined benefit scheme.

<b>Highest paid director</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>92,143</b>	138,208

No retirement benefits accrue to the highest paid director under the defined benefit scheme.

# **Ikeda Hoover Limited**

## **3 Employee information**

The average monthly number of persons (including executive directors) employed by the company during the year was:

By activity	2000	1999
Production	557	539
Selling and distribution	6	6
Administration	115	98
	678	643

Included in the figures above are 106 persons (1999: 106) employed on a temporary basis.

## **4 Employee costs**

	2000	1999
	£	£
Wages and salaries	15,070,184	13,633,696
Social security costs	1,000,832	898,431
Other pensions costs (note 18)	1,109,372	1,011,223
Staff costs	17,180,388	15,543,350

## **5 Interest payable and similar charges**

	2000	1999
	£	£
On overdrafts	48,058	15,840
Payable on finance leases	55,734	-
	103,792	15,840

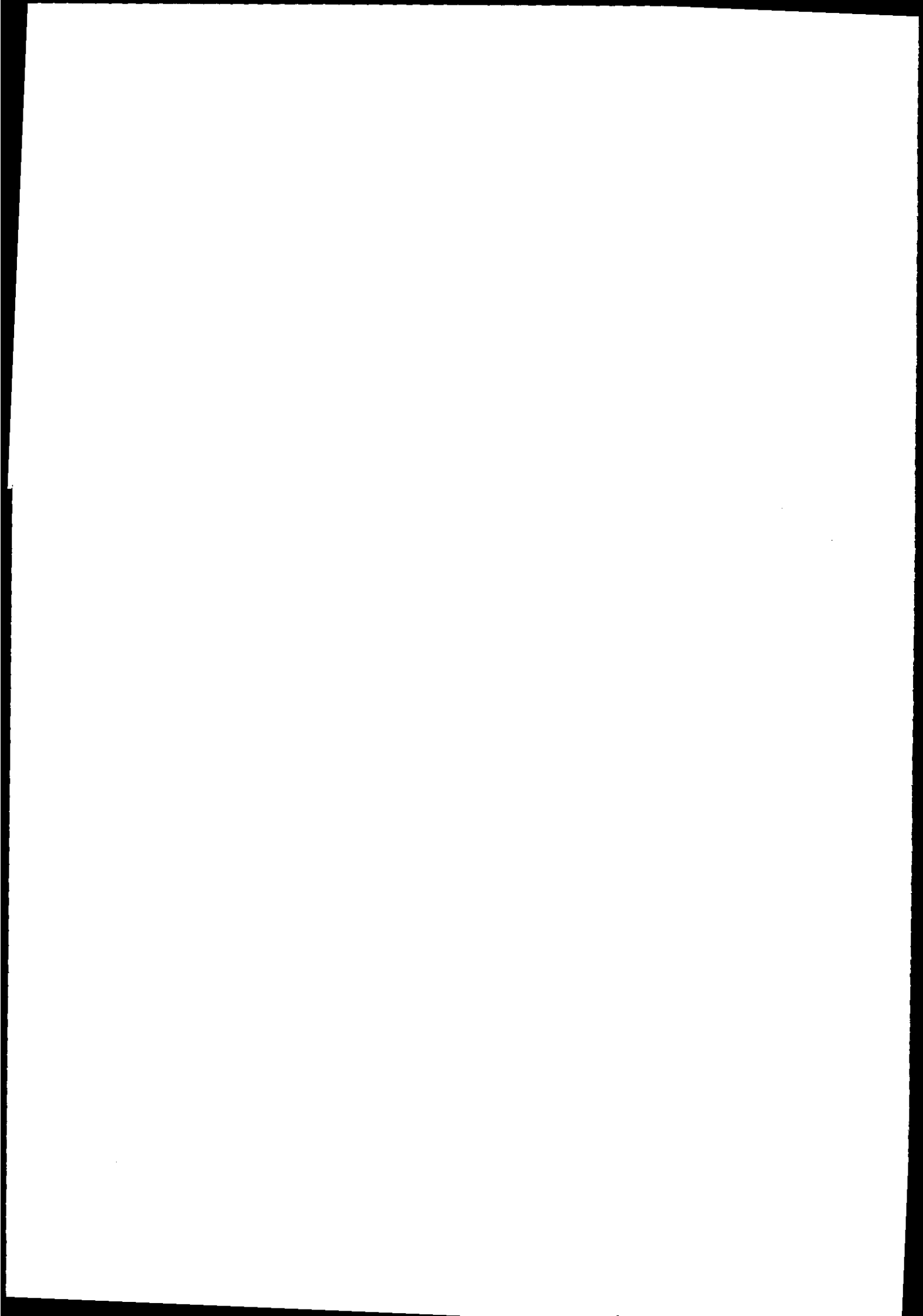
# Ikeda Hoover Limited

## 6 Profit on ordinary activities before taxation

	2000	1999
	£	£
Profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of fixed assets	13,284	-
Amortisation of Government grants (note 17)	18,824	46,564
And after charging:		
Loss on disposal of fixed assets	-	9,921
Impairment of fixed asset investments	267,750	-
Depreciation of tangible fixed assets		
- owned assets	2,995,221	2,164,889
- leased assets	53,540	286,765
Auditors' remuneration in respect of:		
- Audit (company: £14,600)	22,850	23,500
- Other services to the company	25,275	6,950
Hire of plant and machinery	21,171	69,051
Directors' emoluments including pensions contributions (note 2)	221,179	250,141
Research and development costs	383,301	516,050
Amortisation of goodwill	-	77,778

## 7 Taxation

	2000	1999
	£	£
Taxation on the profit for the year		
UK corporation tax at 30% (1999: 30.25%)		
Current	508,619	535,235
Over provision in prior year	(83,943)	(164,529)
Overseas taxation	11,191	-
	435,867	370,706



# **Ikeda Hoover Limited**

## **8 Intangible assets**

	<b>Group goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 January 2000 and 31 December 2000	77,778
<b>Aggregate amortisation</b>	
At 1 January 2000 and 31 December 2000	77,778
<b>Net book value</b>	
At 31 December 2000	-
At 31 December 1999	-

The goodwill arising on the acquisition of Ikeda Technology Europe Limited was fully amortised in the year of acquisition as the directors believed it had no continuing value.

# Ikeda Hoover Limited

## 9 Group tangible fixed assets

	Long leasehold land and buildings £	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings, office equipment and computers £	Assets in the course of construction £	Total £
<b>Cost</b>							
At 1 January 2000	1,345,694	5,546,992	18,013,716	641,774	1,224,089	360,522	27,132,787
Additions	-	81,018	451,732	136,497	135,172	308,054	1,112,473
Disposals	-	-	(11,315)	(100,307)	(4,806)	-	(116,428)
Transfers	-	-	360,522	-	-	(360,522)	-
<b>At 31 December 2000</b>	<b>1,345,694</b>	<b>5,628,010</b>	<b>18,814,655</b>	<b>677,964</b>	<b>1,354,455</b>	<b>308,054</b>	<b>28,128,832</b>
<b>Depreciation</b>							
At 1 January 2000	487,500	1,502,323	11,037,436	487,730	996,175	-	14,511,164
Charge for year	52,308	366,350	2,366,833	123,723	139,547	-	3,048,761
Eliminated in respect of disposals	-	-	(11,315)	(100,307)	(4,806)	-	(116,428)
<b>At 31 December 2000</b>	<b>539,808</b>	<b>1,868,673</b>	<b>13,392,954</b>	<b>511,146</b>	<b>1,130,916</b>	<b>-</b>	<b>17,443,497</b>
<b>Net book value</b>							
At 31 December 2000	805,886	3,759,337	5,421,701	166,818	223,539	308,054	10,685,335
At 31 December 1999	858,194	4,044,669	6,976,280	154,044	227,914	360,522	12,621,623

Freehold land and buildings includes land with a cost of £638,726 (1999: £638,726).

The net book value of tangible fixed assets includes assets held under finance leases of £797,870 (1999: £850,000) in respect of long leasehold land and buildings and £Nil (1999: £1,410) in respect of office equipment.

# Ikeda Hoover Limited

## 10 Company tangible fixed assets

	Freehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings, office equipment and computers	Assets in the course of construction	Total
	£	£	£	£	£	£
<b>Cost</b>						
At 1 January 2000	5,546,992	17,500,520	569,716	1,133,894	360,522	25,111,644
Additions	81,018	451,732	122,704	123,816	308,054	1,087,324
Disposals	-	(11,315)	(87,307)	(4,806)	-	(103,428)
Transfers	-	360,522	-	-	(360,522)	-
<b>At 31 December 2000</b>	<b>5,628,010</b>	<b>18,301,459</b>	<b>605,113</b>	<b>1,252,904</b>	<b>308,054</b>	<b>26,095,540</b>
<b>Depreciation</b>						
At 1 January 2000	1,502,323	10,562,229	424,569	928,483	-	13,417,604
Eliminated in respect of disposals	-	(11,315)	(87,307)	(4,806)	-	(103,428)
Charge for the year	366,350	2,361,956	104,742	116,766	-	2,949,814
<b>At 31 December 2000</b>	<b>1,868,673</b>	<b>12,912,870</b>	<b>442,004</b>	<b>1,040,443</b>	<b>-</b>	<b>16,263,990</b>
<b>Net book value</b>						
<b>At 31 December 2000</b>	<b>3,759,337</b>	<b>5,388,589</b>	<b>163,109</b>	<b>212,461</b>	<b>308,054</b>	<b>9,831,550</b>
At 31 December 1999	4,044,669	6,938,291	145,147	205,411	360,522	11,694,040

Freehold land and buildings includes land with a cost of £638,726 (1999: £638,726).

# Ikeda Hoover Limited

## 11 Fixed asset investments

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
<b>Shares in group undertakings</b>				
<b>Cost</b>				
At 1 January 2000	267,750	-	1,377,750	267,750
Provision for impairment	(267,750)	-	(267,750)	-
<b>At 31 December 2000</b>	<b>-</b>	<b>-</b>	<b>1,110,000</b>	<b>267,750</b>

The company holds the following investments in group undertakings.

	Country of incorporation	Principal activity	Class and percentage of shares held
Ikeda Technology Europe Limited	England and Wales	Provision of automotive interior design services	Ordinary shares 100%
JRI Technologies Limited	England and Wales	Manufacturer of polyurethane based automotive components	Ordinary 'C' shares 7.68%

## 12 Stocks

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Raw materials and consumables	1,185,830	1,020,426	1,185,830	1,020,426
Work in progress	185,181	214,822	185,181	214,822
Work in progress under long term contracts	-	31,907	-	-
Finished goods	15,595	10,181	15,595	10,181
	<b>1,386,606</b>	<b>1,277,336</b>	<b>1,386,606</b>	<b>1,245,429</b>

# Ikeda Hoover Limited

## 13 Debtors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
<b>Amounts falling due within one year</b>				
Trade debtors	7,441,114	4,742	7,441,114	4,742
Amount owed by subsidiary undertaking	-	-	-	87,697
Amounts owed by joint venture parents and other related parties (note 27)	159,490	8,019,579	24,747	7,581,241
Other debtors	119,209	415,702	63,787	378,078
Prepayments and accrued income	257,182	244,069	199,895	190,558
	7,976,995	8,684,092	7,729,543	8,242,316

## 14 Creditors – Amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Obligations under finances leases	117,216	120,276	-	-
Trade creditors	3,817,728	4,595,409	3,817,642	4,573,603
Amounts owed to joint venture parents and other related parties (note 27)	3,658,024	2,610,600	4,372,644	2,607,692
Corporation tax	238,619	368,569	256,619	335,235
Taxation and social security	1,065,364	693,439	1,065,364	693,439
Accruals and deferred income	4,558,502	3,345,884	4,530,244	3,306,002
Dividends	2,000,000	4,000,000	2,000,000	4,000,000
	15,455,453	15,734,177	16,042,513	15,515,971

# Ikeda Hoover Limited

## 15 Creditors – Amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Obligations under finance leases	729,510	846,726	-	-

### Finance leases

The future minimum lease payments to which the group is committed under finance and hire purchase contracts are as follows:

	2000	1999
	£	£
Within one year	179,625	172,595
In the second to fifth years	812,918	774,208
After five years	55,242	273,578
	1,047,785	1,220,381
Less: Interest charges allocated to future years	(201,059)	(253,379)
	846,726	967,002

## 16 Provisions for liabilities and charges

	Group and company		
	Warranty provision	Deferred taxation	Total
	£	£	£
At 1 January 2000	545,146	-	545,146
Amounts released in the year	(163,750)	-	(163,750)
Amounts provided in the year	237,960	-	237,960
Utilised in the year	(135,168)	-	(135,168)
At 31 December 2000	484,188	-	484,188

### Warranty provision

The warranty provision has been recognised for expected warranty claims on products sold based on the directors' best estimate, following group experience, of obligations falling due under trading agreements. It is expected that most of this expenditure will be incurred within three years of the balance sheet date.

# Ikeda Hoover Limited

## Deferred taxation

Group	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£	£	£	£
Excess of capital allowances over depreciation	-	-	(433,255)	(99,793)
Other timing differences	-	-	(378,802)	(385,013)
	-	-	(812,057)	(484,806)

Company	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£	£	£	£
Excess of capital allowances over depreciation	-	-	(406,547)	(59,443)
Other timing differences	-	-	(358,146)	(363,841)
	-	-	(764,693)	(423,284)

## 17 Accruals and deferred income

Government grants	Group	Company
	£	£
At 1 January 2000	267,868	197,294
Amortisation in year	(18,824)	(17,104)
At 31 December 2000	249,044	180,190

## 18 Pension and similar obligations

The company operates a funded defined benefit pension scheme, the assets of which are held in a separate trustee administered fund. The contribution rate is determined by an independent qualified actuary at intervals not exceeding three years. The last actuarial valuation report was dated March 1998 and related to service by members up to 6 April 1997. The report showed no deficiency on a current funding level basis. It was produced using the projected unit method of funding and the main assumptions were that investment returns would exceed salary increases by 2% per annum. The market value of the assets of the scheme in April 1997 was £6,301,723. The actuarial valuation of these assets represented 124% of the value of the benefits for service to the date of valuation allowing for future increases.

The total pension cost for the group was £1,109,372 (1999: £1,011,223).

# Ikeda Hoover Limited

## 19 Called up share capital

Group and company	2000 £	1999 £
<b>Authorised</b>		
1,058,000 (1999: 1,058,000) "A" ordinary shares of £1 each	<b>1,058,000</b>	1,058,000
1,017,000 (1999: 1,017,000) "B" ordinary shares of £1 each	<b>1,017,000</b>	1,017,000
<b>Allotted, called-up and fully paid</b>		
1,058,000 (1999: 1,058,000) "A" ordinary shares of £1 each	<b>1,058,000</b>	1,058,000
1,017,000 (1999: 1,017,000) "B" ordinary shares of £1 each	<b>1,017,000</b>	1,017,000
	<b>2,075,000</b>	2,075,000

Under the provisions of Financial Reporting Standard No 4, "Capital Instruments", both classes of shares are regarded as equity shares. In terms of rights to dividends and amounts receivable on a winding up, the "A" and "B" shares rank pari passu in all respects in accordance with the nominal value of the shares held. The voting rights are allocated between the two classes of shares in order to grant equal voting rights to the holders of the "A" shares and the holders of the "B" shares in aggregate.

## 20 Dividends

	2000 £	1999 £
<b>Dividends on equity shares</b>		
"A" ordinary shares final proposal Nilp per share (1999: 192.77p)	-	2,039,518
"B" ordinary shares final proposal Nilp per share (1999: 192.77p)	-	1,960,482
	-	4,000,000

## 21 Reserves

	Group Profit and loss account £	Company Profit and loss account £
At 1 January 2000	4,951,425	5,029,203
Profit for the year	242,038	226,470
<b>At 31 December 2000</b>	<b>5,193,463</b>	<b>5,255,673</b>

## **Ikeda Hoover Limited**

### **22 Reconciliation of movements in shareholders' funds**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities after taxation	<b>242,038</b>	1,551,931
Dividends	-	(4,000,000)
Net transfer to/(from) equity shareholders' funds	<b>242,038</b>	(2,448,069)
Opening equity shareholders' funds	<b>7,026,425</b>	9,474,494
Closing equity shareholders' funds	<b>7,268,463</b>	7,026,425

### **23 Capital commitments**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Capital expenditure contracted for but not provided for	<b>39,905</b>	347,352

## **Ikeda Hoover Limited**

### **24 Reconciliation of operating activities to net cash inflow from operating activities**

	2000 £	1999 £
Operating profit	594,547	1,796,014
Depreciation on tangible fixed assets	3,048,761	2,451,654
(Profit)/loss on sale of tangible fixed assets	(13,284)	9,921
Amortisation of government grants	(18,824)	(46,564)
(Increase)/decrease in stock	(109,270)	81,277
Decrease/(increase) in debtors	707,097	(545,452)
Increase in creditors	1,673,052	722,655
Impairment of fixed asset investment	267,750	-
Amortisation of goodwill	-	77,778
<b>Net cash inflow from operating activities</b>	<b>6,149,829</b>	<b>4,547,283</b>

### **25 Analysis of changes in net funds**

	At 1 January 2000 £	Cash flow £	Other non cash charges £	At 31 December 2000 £
Cash at bank and in hand	1,569,541	2,568,181	-	4,137,722
Finance leases due after one year	(846,726)	-	117,216	(729,510)
Finance leases due within one year	(120,276)	120,276	(117,216)	(117,216)
Net debt	602,539	2,688,457	-	3,290,996

### **26 Immediate and ultimate parent companies**

Shares in Ikeda Hoover Limited are held under a joint venture agreement between Ikeda Bussan Company Limited, a company incorporated in Japan, and Johnson Controls Automotive (UK) Limited, a company registered in England and Wales. During the year Johnson Controls Incorporated acquired 90% of the share capital of Ikeda Bussan Company Limited. The directors are of the opinion that the ultimate parent company and controlling party is Johnson Controls Incorporated. Copies of Johnson Controls Incorporated consolidated financial statements can be obtained from the Company Secretary at 575N Green Bay Avenue, PO Box 591, Milwaukee, WIS3201, USA.

# Ikeda Hoover Limited

## 27 Related party transactions

The directors consider the following entities to be related parties as defined by FRS 8.

### Joint venture parent companies:

Ikeda Bussan Company Limited

Johnson Controls Automotive (UK) Limited

### Subsidiaries of Johnson Controls Incorporated:

Adwest Johnson Controls Limited

Johnson Controls (S) PTE Limited

Johnson Controls Automotive NV

JRI Technologies Limited

Eurosit SA

Johnson Controls/Roth SA

Johnson Controls Automotive SA (Pty) Limited

### Subsidiaries of Ikeda Bussan Company Limited:

Esteban Ikeda SA

Ikeda Bussan UK Ltd

Details of material related party transactions which have been entered into during the year on normal commercial terms are disclosed below:

	2000	1999
	Income/(costs)	Income/(costs)
	£	£
<b>Joint venture parent companies</b>		
Material, fixed assets and services	(7,968,343)	(9,877,640)
Turnover and recharges	830,589	-
<b>Subsidiaries of Johnson Controls Incorporated</b>		
Material and services	(4,398,329)	(3,079,946)
Turnover and recharges	14,257	4,735
<b>Subsidiaries of Ikeda Bussan Company Limited</b>		
Material, finance and services	(864,199)	-
Turnover and recharges	502,169	-
<b>Subsidiaries of Nissan Motor Company Limited</b>		
Management services	-	-
Material and services	-	(4,007,382)
Turnover and recharges	-	91,080,928

## Ikeda Hoover Limited

Included within turnover with subsidiaries of Nissan Motor Company is £Nil (1999: £90,493,187) relating to Nissan Motor Manufacturing (UK) Limited.

As at 31 December the company had the following outstanding balances with its related parties:

	Group 2000		Company 2000	
	Debtors	Creditors	Debtors	Creditors
	£	£	£	£
Joint venture parent companies	142,486	2,148,272	11,583	2,107,140
Subsidiaries of Johnson Controls Incorporated	11,430	661,588	11,430	661,588
Subsidiaries of Ikeda Bussan Company Limited	5,574	848,164	1,734	1,603,916
	159,490	3,658,024	24,747	4,372,644

	Group 1999		Company 1999	
	Debtors	Creditors	Debtors	Creditors
	£	£	£	£
Joint venture parent companies	293,777	1,824,841	-	1,821,933
Subsidiaries of Johnson Controls Incorporated	-	343,314	-	343,314
Subsidiaries of Nissan Motor Company Limited	7,725,802	442,445	7,581,241	442,445
	8,019,579	2,610,600	7,581,241	2,607,692